



GLADSTONE PACIFIC NICKEL LTD

29 March 2010

Gladstone Pacific Nickel Limited
ACN 104 261 887

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

Gladstone Pacific Nickel Limited ("GPN" or the "Company") today announces its unaudited interim results for the six months ended 31 December 2009.

Financial Results

The Company reported interim revenue from ordinary activities of A\$448,494 (£248,869*) and expenses of A\$4,167,963 (£2,312,803*), approximately half of which was made up of tenement costs of A\$917,174 (£508,939) and a foreign exchange loss of A\$1,122,319 (£622,775*). The loss for the period (after income tax benefits) was A\$3,385,700 (£1,878,725*) representing a loss of A\$.0477 per share (£.0265 per share*).

Exploration and Evaluation Expenditure for the period of A\$507,868 (£281,817*) was capitalised as Deferred Exploration and Evaluation costs. The expenditure was predominantly costs associated with initial expenditure on the Marlborough Heap Leach Project ("MHLP").

In line with its accounting policies and the impairment of assets at 30 June 2009, the Company has reviewed the carrying value of its Deferred Exploration and Evaluation costs. Based on the current stage of the Gladstone Nickel Project and the MHLP, and the expected recoverability of historical costs, the Company estimates the fair value of its Deferred Exploration and Evaluation costs as at 31 December 2009 to be unchanged from the June 2009 value of A\$18,222,910 (£10,111,893*).

The carrying value, prior to impairment, of the Deferred Exploration and Evaluation costs was A\$18,730,778 (£10,393,708*) and thus the asset has been impaired to the extent of the Exploration and Evaluation Expenditure for the period of A\$507,868 (£281,817*), and an impairment loss equal to that amount has been recognised in the Statement of Comprehensive Income.

The Company remains in a strong cash position with A\$12,218,252 (£6,779,908*) in cash made up of cash on hand of \$10,558,354 (£5,858,831*) and \$1,659,898 (£921,077*) as a refundable deposit on the purchase of land at Gladstone which is recorded in the accounts as a Non Current Receivable. Total shareholder equity as at 31 December 2009 was \$30,222,895 (£16,770,684*).

GPN continues to review all activities and associated operating costs, and has reduced staff costs and other expenditures over the period to reflect current global economic conditions.

Operational Highlights

The Company executed a Memorandum of Understanding (“MOU”) for the development of a heap leach project at Marlborough with China Tianchen Engineering Corp (“TCC”) (as announced on AIM on 16 October 2009). The MOU is subject to a number of conditions including the satisfactory conclusion of a feasibility study, entering into an engineering procurement and construction contract with TCC, and the identification of an equity partner and an offtake partner for the Project. The Company is continuing its discussions with TCC and will provide an update to investors in due course.

Nickel Markets

Average nickel prices have stabilised over the half year averaging US\$8.06/lb to US\$7.89 /lb in the third and fourth quarter of 2009 respectively. Current prices have been trending upwards and are above US\$10.00/lb. The buoyancy of the nickel price is particularly encouraging given that nickel LME stock levels are coming off their historically high levels and are currently around 156,000 tonnes of nickel metal. The long term drivers of nickel consumption continue to be the fast growing economies of China and India and these remain relatively strong.

Post Balance Sheet Events

The Company’s major shareholder has called a general meeting of members to be held on 9 April 2010 to consider the removal of two Directors, including myself, and the appointment of two new Directors (as announced on AIM on 9 February 2010). A Notice of Meeting was mailed to shareholders and announced on AIM on 2 March 2010.

Company Value

The Global Financial Crisis has resulted in postponement of our Gladstone Nickel Project, a considerably lower market capitalisation of the Company and significant write off’s of our Deferred Exploration and Evaluation Costs. However, your Company has a significant asset base for which it should be proud:

- Cash of over A\$12 million
- Our 100% owned Marlborough tenements have been valued at between A\$18 to A\$61 million by an independent expert. This is conservatively valued in our accounts at A\$18.2 million.
- Potential for a Heap Leach Project at Marlborough with test work that indicates favourable extraction rates and recoveries of nickel and cobalt. This project can be an add-on to our larger Gladstone Nickel Project.
- The Gladstone Nickel Project which, as announced on 20th June 2008, can demonstrate a net present value of US\$2.3 billion at similar commodity and exchange rates as those experienced today.
- Significant funds of A\$50.3 million have been spent on advancement of the Gladstone Nickel Project with historical expenditure indicated below:

Description	A\$ (millions)
Environmental studies	3.8
Metallurgical test work	4.8
Marlborough maintenance, drilling and purchases	12.0
Engineering studies	19.5
Quinne deposit and drilling	10.2
Total	50.3

- Our 49% contractual interest in the Ouinne tenements in New Caledonia has been valued at between \$20 to 46 million by an independent expert. This agreement is subject to financing of the Gladstone Nickel Project and the valuation range does not include an offset for the purchase of Ouinne which will be the issue of 15 million ordinary shares in the Company to our New Caledonia Partner, Societe Miniere Georges Montagnat.
- An agreement with the Queensland Government for the purchase of scarce industrial land at Gladstone which includes a cash deposit of \$1.6 million (the deposit is currently is treated in the accounts as a non current receivable).
- Environmental Approvals for both stages 1 & 2 of the Gladstone Nickel Project.

There is, in my opinion, a significant value base of the Company which is currently not reflected in the market capitalisation of the business. I would like to continue to serve the interests of all shareholders but if I am elected off the Board on the 9th April 2010 I hope that the new Board can realise this inherent value, which I am sure can be achieved.

James Henderson
Chairman
Gladstone Pacific Nickel Limited

*Exchange rate used A\$1:£0.5549

Extracts of the interim results for the six months ended 31 December 2009 appear below and a full version will be available on the Company's website www.gladstonepacific.com.au

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Consolidated Statement of Comprehensive Income

for the six months ended 31 December 2009

	Notes	Consolidated	
		Dec 09 (\$A)	Dec 08 (\$A)
Interest Income		448,494	728,488
Foreign Exchange Gain		-	2,347,566
TOTAL REVENUE		448,494	3,076,054
Evaluation Costs		103,827	472,230
China Representative		-	140,133
Foreign Exchange Loss		1,122,319	3,502
Directors' Fees / Remuneration		466,282	394,166
Directors' Option Expense		-	26,292
Brokers' Option Expense		21,125	21,125
Professional Fees		52,901	965,493
Travel and Accommodation		69,446	213,029
Wages and On-costs		334,083	659,310
Office Rental		570,130	234,142
Public Relations and Ongoing Listing Fees		75,268	144,044
IT and Communication		62,495	129,753
Marketing		-	23,675
Depreciation		133,591	93,945
Other		92,699	229,803
Tenement Expenses		917,174	-
Impairment Loss		146,623	78,081,765
TOTAL EXPENSES		4,167,963	81,832,407
PROFIT / (LOSS) BEFORE INCOME TAX EXPENSE		(3,719,469)	(78,756,353)
Income Tax Benefit / (Expense)		333,769	804,964
PROFIT / (LOSS) AFTER INCOME TAX EXPENSE		(3,385,700)	(77,951,389)
OTHER COMPREHENSIVE INCOME*			
Foreign Currency Translation		472,774	(54,036)
Income Tax on Items of Other Comprehensive Income		-	-
Other Comprehensive Income for the period (net of tax)		472,774	(54,036)
TOTAL COMPREHENSIVE INCOME		(2,912,926)	(78,005,425)
EARNINGS PER SHARE			
Basic Earnings (Loss) per Share (Cents per Share)	6	(4.77)	(156.21)
Basic Earnings (Loss) per Share (Cents per Share)	6	(4.77)	(156.21)
<i>*Reported directly to Other Reserves In Equity.</i>			

Consolidated Balance Sheet

for the six months ended 31 December 2009

	Notes	Consolidated		
		Dec 09 (\$A)	June 09 (\$A)	Dec 08 (\$A)
CURRENT ASSETS				
Cash Assets	7	10,558,354	13,566,123	16,744,306
Trade and Other Receivables		153,692	194,815	172,146
Other Current Assets		14,612	898	192,046
TOTAL CURRENT ASSETS		10,726,658	13,761,836	17,108,498
NON CURRENT ASSETS				
Property Plant and Equipment		937,440	852,596	1,110,382
Investment in Subsidiaries		1,712	1,712	-
Deferred Evaluation and Exploration Costs	4	18,222,910	18,222,910	46,084,800
Trade and Other Receivables		1,894,172	2,092,547	10,712,226
TOTAL NON CURRENT ASSETS		21,056,234	21,169,765	57,907,408
TOTAL ASSETS		31,782,892	34,931,601	75,015,906
CURRENT LIABILITIES				
Trade and Other Payables		637,435	811,489	718,521
Provisions		72,067	136,265	164,395
TOTAL CURRENT LIABILITIES		709,502	947,754	882,916
NON CURRENT LIABILITIES				
Trade and Other Payables		718,399	725,690	818,115
Deferred Tax Liabilities		-	-	1,624,287
Provisions		132,096	132,096	193,101
TOTAL NON CURRENT LIABILITIES		850,495	857,786	2,635,503
TOTAL LIABILITIES		1,559,997	1,805,540	3,518,419
NET ASSETS		30,222,895	33,126,061	71,497,487
EQUITY				
Contributed Equity		127,456,754	127,456,754	108,035,294
Reserves		14,005,043	13,522,927	53,146,355
Retained Earnings / (Accumulated Losses)		(111,259,902)	(107,874,620)	(89,705,162)
Parent Interest		30,201,895	33,105,061	71,476,487
Minority Interest		21,000	21,000	21,000
TOTAL EQUITY		30,222,895	33,126,061	71,497,487

Consolidated Cash Flow Statement

For the six months ended 31 December 2009

	Notes	Consolidated	
		Dec 09 (\$A)	Dec 08 (\$A)
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to Suppliers and Employees		(2,988,282)	(4,909,638)
Payments for Exploration and Evaluation		(507,869)	(2,697,346)
Research and Development Rebate		333,460	-
Interest Received		311,771	673,673
NET CASH FLOWS FROM (USED) IN OPERATING ACTIVITIES	7 (a)	(2,850,920)	(6,933,311)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property plant and equipment		(205,440)	(370,452)
Refund of Bank Guarantee – Bond Security		198,795	-
Advances to Ouinne SAS		(150,204)	(2,035,006)
NET CASH FLOWS (USED) FROM INVESTING ACTIVITIES		(156,849)	(2,405,458)
CASH FLOWS FROM FINANCING ACTIVITIES			
NET CASH FLOWS FROM (USED) FINANCING ACTIVITIES		-	-
Net Increase / (Decrease) in Cash Held		(3,007,769)	(9,338,769)
Net Foreign Exchange Differences		-	2,347,567
Opening Cash Brought Forward		13,566,123	23,735,508
CLOSING CASH CARRIED FORWARD		10,558,354	16,744,306

Statement of Changes in Equity

for the six months ended 31 December 2009

Consolidated	Notes	Issued capital	Retained Earnings	Other Reserves	Minority Interest	Total
AS AT 1 JULY 2008		84,259,743	(11,790,641)	36,012,711	31,420,614	139,902,427
Profit /(Loss) for the Period		-	(77,951,389)	-	-	(77,951,389)
Other Comprehensive Income		-	-	(54,036)	-	(54,036)
Total Comprehensive Income		-	(77,951,389)	(54,036)	-	(78,005,425)
Ordinary Shares Issued During the Year		23,775,551	-	-	-	23,775,551
Movement in Minority Interest to date of purchase		-	36,868	(2,443,893)	2,428,025	21,000
Share Based Payment – Employees and Directors’ Options		-	-	178,022	-	178,022
Share Based Payment – Director		-	-	9,443,247	-	9,443,247
Minority Interest acquired in MNPL		-	-	-	(33,827,639)	(33,827,639)
Other Equity		-	-	10,010,314	-	10,010,314
AS AT 31 DECEMBER 2008		108,035,294	(89,705,162)	53,146,365	21,000	71,497,487

AS AT 1 JULY 2009	127,456,754	(107,874,202)	13,522,927	21,000	33,126,061
Profit /(Loss) for the Period	-	(3,385,700)	-	-	(3,385,700)
Other Comprehensive Income	-	-	472,774	-	472,774
Total Comprehensive Income	-	(3,385,700)	472,774	-	(2,912,926)
Share Based Payment – Employees and Directors’ Options	-	-	9,342	-	9,342
AS AT 31 DECEMBER 2009	127,456,754	(111,259,902)	14,005,043	21,000	30,222,895